

“The inherent vice of capitalism is the unequal sharing of blessings; the inherent virtue of socialism is the equal sharing of miseries.”
Winston Churchill

Capitalism often gets a bad rap and is sometimes, in many election years, used in conjunction with the word “greedy”; greedy corporations or greedy capitalists. The truth is capitalism, while not always fair, is the best system at creating wealth, and certainly better than communism. Here is an excerpt from writing on 3/26 by Louis Navellier:

Cuba Proves (Once Again) that Communism Doesn’t Work



After riots erupted in Haiti, neighboring Cuba is apparently on the brink of collapse, as power blackouts and a shortage of food is causing citizens to take to the streets and protest in five Cuban cities. Omar Everleny, a Cuban economist, said, “We have blackouts, and now a problem with food, and there’s nothing the government can do in the short term to fix things.”

Cuba’s power generation is running at barely one-third of capacity and the nation has been hurt by cutbacks in oil shipments from Venezuela. In February, the Cuban government had no flour and couldn’t guarantee the supply of bread until the end of March. For the first time ever, Cuba recently went to the United Nations World Food Program to request powdered milk for children. Tourism has largely vanished amidst Cuba’s hardship, denying its citizens important foreign currency. The Cuban peso is now essentially worthless, so Canadian dollars, euros and U.S. dollars are their preferred currency.

About 75 to 100 years ago, Cuba was a super-popular vacation destination, especially for Americans. Unfortunately for the Cuban people, their leaders made poor choices and created a mess. They tried to make living standards equal for all, and in one respect succeeded by making everyone poor.

Passive Income—The anti-Cuba



At Sheaff Brock, our job is wealth management. Our goal is to build our client’s wealth to where they can create passive income in excess of their spending and have economic security. Scott Galloway, a professor from NYU I follow on social media has a new book, *The Algebra of Wealth*. He writes:

Pursuing wealth doesn’t mean you are immoral, greedy, or selfish, and it doesn’t require you to be so. Economic security is

control. It is knowing that you can plan for the future and provide for those who depend on you. Economic anxiety, on the other hand, is high blood pressure—always there, waiting to turn a minor ailment into a life threatening disease. That’s not a metaphor. Kids who grow up in low income households have higher blood pressure than kids who live in wealthy ones.

Contrary to what you might have heard, making more money correlates with greater happiness. Low incomes are strongly associated with unhappiness. The ugly truth is that wealth affords us better education, better medical care and healthier diets, and a wider variety of recreation and entertainment.

Economic security comes from acquiring sufficient assets—not income, but assets—so that the passive income they generate exceeds the level of spending you choose for yourself—your burn rate.

Passive income is money your money makes: interest you make on money you loan to someone else, appreciation in the value of your real estate, dividends paid by stocks you hold, rent paid by the tenant of an apartment you own. Essentially, it is any income that’s not compensation paid for working at a job. And your burn rate is how much you spend, day to day and month to month. If your passive income is greater than your burn, you don’t need to work (though you may want to), because you don’t need the compensation to pay your expenses. That’s wealth.

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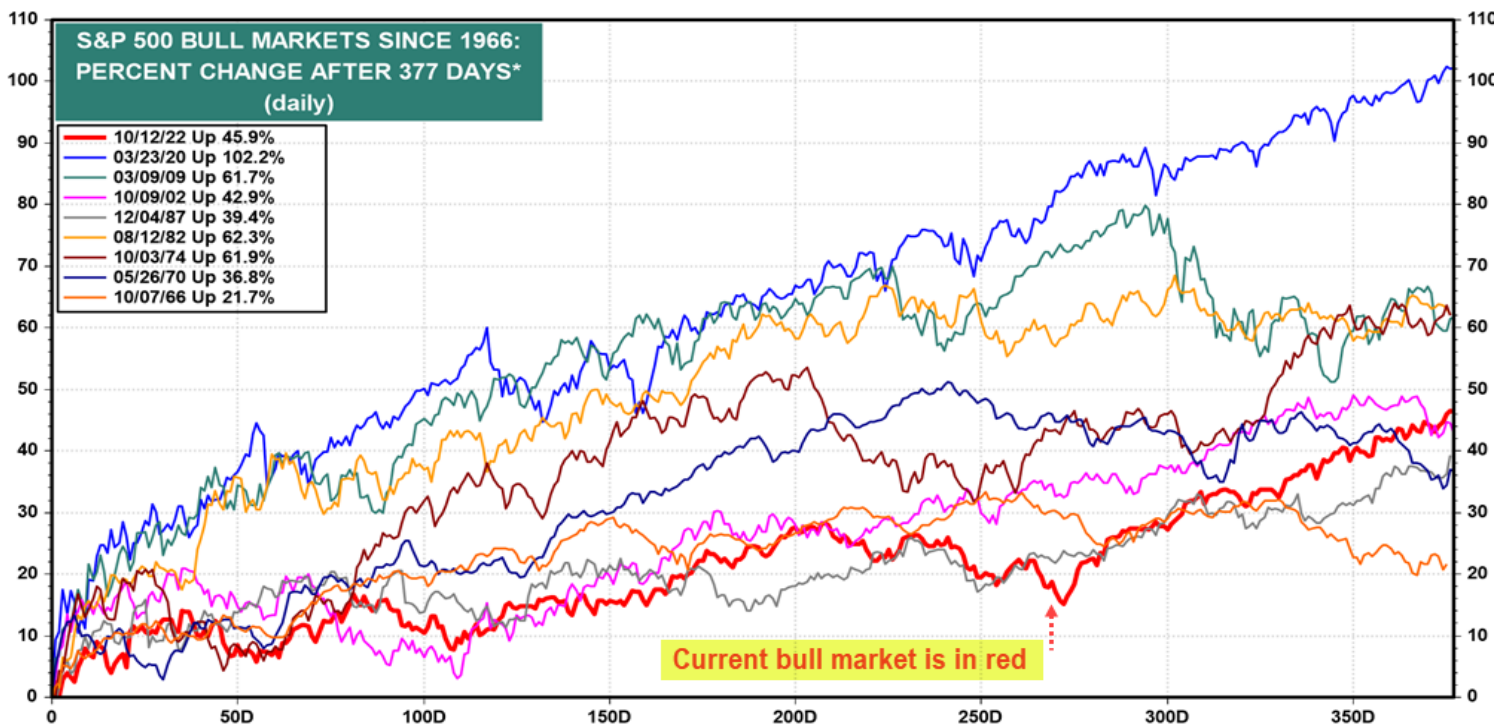


We attempt to build a client’s wealth through the ownership of quality stocks. We can’t control a client’s spending, but try to create passive income for clients using dividend paying stocks, preferred stocks, REITs, and option overlays.

Besides the stock market (which sometimes requires a strong stomach and patience), we know there are many ways to create wealth like real estate, private equity, partnerships, or cryptocurrencies as examples. We think clients should have liquidity, transparency, low trading costs, simplicity, and some ability to control taxable events. Because of that we stick to a small (but tasty) menu: stocks, preferreds, REITs and options.

Financial Planning Tip! Tiffany VanHook serves our clients as a financial planner and estate specialist. Tiffany has many years of experience providing high-net-worth families financial and estate planning services. Tip for this month:

Are you interested in making a Qualified Charitable Distribution (QCD) from your IRA to charity, but unsure if you can because the Required Minimum Distribution (RMD) age has been extended? There's hope! Although QCDs and RMDs used to go hand-in-hand with both having the age 70.5 requirement, the IRS has clarified that although the age for RMDs has been extended to age 73, the QCD age remains 70.5.



Source: LSEG Datastream and © Yardeni Research.
* Weekdays including holidays. Weekends excluded.

This Bull Market

See chart above. By comparison to the previous eight bull markets, the current one isn't all that impressive from its inception, so far. The S&P 500 is up almost 46% so far. Over the same number of days, four other bull markets exceeded it.

Portfolio Updates

Equity portfolios

- ◆ Dividend Growth & Income
- ◆ Bulls of the Dow
- ◆ IntelliBuild Growth™
- ◆ Outlier Growth

Even though this bull market hasn't been as strong as some, and it's early in the year, our equity driven portfolios listed above have had a good start to the year. As listed on the performance page, three of the portfolios are well above their benchmarks year-to-date, however the Bulls are trailing a bit.

Income Portfolios

- ◆ Covered Call
- ◆ Real Estate Income and Growth
- ◆ Preferred Income

Covered calls has been helped by the rising stock market and is pretty much even with the benchmark this year. REITs have had a rough go and we are a bit ahead of the benchmark, but still negative through February. Preferreds have rebounded in price back to where they were a year ago, but are still off a fair amount from two years ago. Preferreds are one of the few places to get yields above 6%.

Put Income and Index Income Overlay

The strategy objective is to manufacture cash-flow in exchange for the investor accepting some additional volatility. **Option overlay products are ± additive in return to other investments held in an account**, and may not be appropriate for all investors. Realized gains and losses can be inconsistent. These are long-term strategies and may not produce gains over the short-term. Remember, we aren't tax advisers. So, if you have specific tax concerns you'd best call your own tax person.

Put Income - Our average monthly gain since inception has been 28 bps net-of-fees. We've had a good start to the year, but again, it's early.

Index Income - Goal = manufacture cash-flow from volatility over a long period of time. Simple, but not easy. The first two months of 2024 have been a bit behind previous years, but again, it's early.

INNOVATIVE portfolios® Performance

Style (as of 2/29/2024)	(Average Annual) (%)	Inception Date	Year to Date	1 Year	3 Year	5 Year	10 Year	Inception
Fixed Income	Preferred Income Gross	10/1/2011	4.21	7.45	1.45	3.61	4.75	4.98
	Preferred Income Net	10/1/2011	3.89	6.12	0.20	2.34	3.46	3.68
	Benchmark ICE BofA Core+ Fixed Rate Pfd Index*		4.97	4.05	(0.88)	2.02	4.36	5.40
Growth & Income	Covered Call Income Gross	9/1/2010	3.93	15.97	8.86	10.48	7.97	9.15
	Covered Call Income Net	9/1/2010	3.61	14.53	7.53	9.13	6.64	7.80
	Benchmark CBOE S&P 500 BuyWrite Index		3.73	11.51	6.99	5.84	5.74	6.91
	Dividend Growth & Income Gross	7/1/2005	8.68	25.97	13.34	12.95	10.39	9.64
	Dividend Growth & Income Net	7/1/2005	8.35	24.40	11.95	11.57	9.03	8.29
	Benchmark Dow Jones U.S. Select Dividend Index		(0.49)	0.63	7.71	7.87	9.11	7.79
	Real Estate Income & Growth Gross	5/1/2017	(1.44)	5.75	5.49	6.10	-	6.09
	Real Estate Income & Growth Net	5/1/2017	(1.76)	4.42	4.20	4.80	-	4.78
Benchmark Dow Jones U.S. Select REIT Index		(2.25)	5.58	4.61	3.18	-	4.08	
Growth	IntelliBuild® Growth Gross	10/1/2013	10.32	30.44	13.82	16.52	11.66	12.78
	IntelliBuild® Growth Net	10/1/2013	9.99	28.81	12.43	15.10	10.29	11.39
	Benchmark S&P 500® Index		7.11	30.45	11.91	14.76	12.70	13.34
	Bulls of the Dow Gross	2/1/2013	0.88	19.84	11.19	9.97	12.90	13.73
	Bulls of the Dow Net	2/1/2013	0.56	18.36	9.84	8.62	11.51	12.32
	Benchmark Dow Jones Industrial Average Index		3.84	22.03	10.25	10.86	11.62	12.35
	Outlier Growth Gross	11/1/2020	18.06	54.48	11.56	-	-	16.00
	Outlier Growth Net	11/1/2020	17.71	52.59	10.18	-	-	14.53
	Benchmark S&P 500® Growth Index ^b		10.40	38.60	10.38	-	-	13.55
Option Overlay*	Index Income - Cash Flow Gross**	7/1/2016	0.65	2.84	4.25	5.36	-	5.16
	Index Income - Cash Flow Net**	7/1/2016	0.34	1.59	3.00	4.11	-	3.89
	Index Income Total Return Gross	7/1/2016	0.73	9.26	3.50	4.17	-	4.15
	Index Income Total Return Net	7/1/2016	0.41	8.01	2.25	2.92	-	2.88
	Market Indicator S&P 500® Index		7.11	30.45	11.91	14.76	-	14.31

Sheaff Brock® Performance

Style (as of 2/29/2024)	(Average Annual) (%)	Inception Date	Year to Date	1 Year	3 Year	5 Year	10 Year	Inception ^{^^}
Option Overlay [^]	Put Income - Realized Gain Gross [^]	11/1/2016	1.94	10.11	3.74	4.77	-	4.68
	Put Income - Realized Gain Net [^]	11/1/2016	1.63	8.86	2.49	3.52	-	3.41
	Market Indicator S&P 500® Index		7.11	30.45	11.91	14.76	-	14.70

Performance data quoted represents past performance. Past performance does not guarantee future results.

Sheaff Brock Investment Advisors, LLC ("SBIA"), established in 2001, is registered as an investment advisor with the Securities and Exchange Commission. SBIA is wholly owned by Sheaff Brock Capital Management, LLC ("SBCM").

Effective December 2020 Innovative Portfolios, LLC ("IP"), an SEC registered investment Advisor and wholly owned subsidiary of SBCM, was hired as the subadvisor for all the composites except Put Income. Performance after January 1, 2021 occurred while the investment management team was affiliated with IP. The same investment management team has managed the composite since its inception, and the investment process has not changed. Performance after January 1, 2021 has been linked to performance earned at IP. IP policies for valuing investments and calculating performance are available upon request. Performance presented are time-weighted returns. Valuations and performance is reported in U.S. dollars. Composite performance is presented on gross-of-fees and net-of-fees basis and includes the reinvestment of income (dividends/interest). Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Net-of-fees returns are calculated by deducting a model management fee of 0.3125, ¼ of the highest annual management fee of 1.25%, from the quarterly gross composite return, applied the first month of each quarter. Actual advisory fees incurred by clients may vary. Composite performance consists of fully discretionary portfolios, including those accounts no longer with the firm.

Past performance is no guarantee of future performance and there is a risk of loss of all or part of your investment. Individual client performance returns may be different than the composite returns listed. Changes in investment strategies, contributions or withdrawals, and economic conditions may materially alter the performance of your portfolio. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment or strategy will be suitable or profitable for a client's portfolio. Individuals should not enter into option transactions until they have read and understood the risk disclosure document titled, Characteristics and Risks of Standardized Options which can be obtained from their broker, any of the options exchanges, or OCC.

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(Continued from page 3) completeness of any material contained therein. The statements and opinions reflect the judgment of the firm, and along with the information from third-party sources and calculations, are made on the date hereof and are subject to change without notice. SBIA does not assume liability for any loss that may result from reliance by any person upon any material in this Newsletter.

Benchmark Indexes: *CBOE S&P 500 BuyWrite Index* is an index designed to track the performance of a hypothetical buy-write strategy on the S&P 500 Index. *Dow Jones Industrial Average (DJIA)* is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. *Dow Jones U.S. Select Dividend Index* is an index of the leading 100 U.S. stocks by dividend yield, subject to screens for dividend-per-share growth rate, dividend payout ratio and average daily trading volume. *Dow Jones U.S. Select REIT Index* is an index designed to track the performance of publicly traded REITs and REIT-like securities and serve as a proxy for direct real estate investments, in part by excluding companies whose performance may be driven by factors other than the value of real estate. *ICE BofA Core Plus Fixed Rate Preferred Securities Index* is an index designed to track the performance of fixed rate U.S. dollar-denominated preferred securities issued in the U.S. domestic market with a rating of at least B3 and an investment-grade country risk profile. *S&P 500* is a market value weighted index comprised of 500 of the largest publicly traded U.S. companies. *S&P 500 Growth* is an index that measures the performance of the large-cap growth sector selected by sales growth, the ratio of earnings change to price, and momentum from the S&P 500. *S&P U.S. Preferred Stock Index* is an index designed to measure the performance of the U.S. preferred stock market and consists of U.S. preferred stocks with a market capitalization greater than \$100 million and a maturity of at least one year or longer.

An index should only be compared with a mandate that has a similar investment objective. An index is not available for direct investment and does not reflect any of the costs associated with buying and selling individual securities or management fees, the incurrence of which would have the effect of decreasing historical performance results. There can be no assurances that a composite will match or outperform any particular benchmark.

⁹In March 2024, the benchmark was changed from the Russell 3000 to the S&P 500 Growth for all periods due to availability of the previous index. [†]Inception represents a blended benchmark which consists of S&P U.S. Preferred Stock Index prior to April 1, 2012 and the ICE BofA Core Plus Fixed Rate Preferred Securities Index thereafter. ^{*}Composite performance is calculated on overlay exposure, which is the notional value of the strategy being managed. Performance presented are arithmetic returns and do not include income (dividends/interest) or appreciation/depreciation from the underlying collateral. ^{**}Cash flow yield represents the cash received (premiums) from the sale of index put credit spread options divided by the beginning composite overlay exposure (notional value). ^{††}Realized gain/loss returns are arithmetic returns calculated on the realized gains/losses on the sale of put options divided by the average account value for the period. ^{†††}Effective October 31, 2016, Put Income was managed by SBIA and as such, the returns reflect performance from that period forward.

The 2023 CNBC Financial Advisor 100 (ranked 10th, 9/12/23), 2022 CNBC Financial Advisor 100 (ranked 68th, 10/4/22), 2021 CNBC Financial Advisor 100 (ranked 82nd, 10/6/21) & the 2020 CNBC Financial Advisor 100 (ranked 95th, 10/6/20) list is an independent ranking. CNBC enlisted data provider AccuPoint Solutions to assist with the ranking of registered investment advisors for the CNBC FA 100 list. The analysis started with 40,646 RIA firms for 2023, 39,818 RIA firms for 2022, 38,302 for 2021 and 37,369 for 2020 from the Securities and Exchange Commission regulatory database. AccuPoint screened the list down to 812 RIAs for 2023, 904 RIAs for 2022, 749 for 2021 and 750 for 2020 who were required to complete a survey to be in consideration for the CNBC FA 100 list. Sheaff Brock does not pay for applying for the award; however, Sheaff Brock does pay for use of the CNBC Financial Advisor 100 logo. Data points used by AccuPoint for the ranking included regulatory/compliance record, number of years in the business, number of certified financial planners, number of employees, number of investment advisors registered with the firm, ratio of investment advisors to total number of employees, total assets under management, percentage of discretionary assets under management, total accounts under management, number of states where the RIA is registered and country of domicile. Third-party rankings and recognition from rating services or publications, such as the CNBC FA 100, is no guarantee of future investment success and working with a highly rated advisor does not ensure that a client or prospective client will experience a higher level of performance or results. The ranking may not reflect a client or prospective client's experience with the registered investment advisor. Past performance does not guarantee or indicate future results.